

Report of: Head Finance

To: City Executive Board

Date: 9th February 2011

Item No: 5

Title of Report : Recommended Budget 2011-12 to 2014-15

Summary and Recommendations

Purpose of report: To present the Council's 2011/12 budget and Medium Term Financial Strategy for approval and recommendation to Council.

Key decision: No

Executive Lead member: Councillor Ed Turner

Scrutiny Responsibility: Value & Performance

Report Approved by:

Cllr. Bob Price, Leader of the Council

Cllr. Ed Turner, Deputy Leader of the Council

Jeremy Thomas, Head of Law and Governance

Policy Framework: The Council's Corporate Plan

Recommendation(s): The City Executive Board is asked to agree the amendments to the consultation budget as set out in Tables 3, 5 and 6 below.

And recommend that Council:

- a) approves the General Fund budget requirement of £25.778 million as detailed in Appendix 1 and in so doing agrees a Council Tax freeze for , 2011/12, thereby resulting in an average band D Council Tax of £262.96
- b) approves the Housing Revenue Account budget for 2011/12 as set out in Appendix 3 and an average dwelling rent increase of 7.64% and an average garage rent increase of 2.6%
- c) approves the Capital Programme for 2011/12 -2014-15 as set out in Appendix 4; and

d) approves the Fees & Charges schedule as set out in Appendix 5

Summary

- 1 This report updates the draft revenue and capital budgets previously presented to the City Executive Board on the 8th December 2010.
- 2 Appendices to the report are as follows:
 - Appendix 1 – Oxford City Council's General Fund Revenue Budget 2011/12 and Future Year Control Totals
 - Appendix 2 - Oxford City Council's General Fund Budget at Portfolio Level 2011/12 – 2014/15
 - Appendix 3 – Summary Housing Revenue Account 2011/12
 - Appendix 3 (a) Rental Impact Statement 2011/12
 - Appendix 4 - Capital Programme 2011/12 to 2014/15
 - Appendix 5 – Fees and Charges Schedule

A. General Fund

- 3 The budget for consultation approved by the City Executive Board (CEB) on the 8th December 2010 set out a balanced budget for the next four years.
- 4 Since the publication of the consultation budget a number of key issues have been determined and come to light, these are summarised below:

Changes arising since the publication of the consultation budget

Provisional Local Government Finance Settlement Formula Grant Changes

- 5 The Provisional Local Government Finance Settlement was announced on 13th December 2010. The settlement only covers the next two years as central government intends to consult on a new local government funding mechanism for implementation in 2013-14. The final settlement was received on 31st January 2011 and this has been factored into the figures.
- 6 The Settlement reduced Oxford's Formula Grant by 25% over two years, a loss of £3.8 million. This is £1.1 million more than expected based on the overall spending reductions set out in the October 2010 Comprehensive Spending Review (CSR).
- 7 As anticipated Formula Grant has been adjusted to take account of concessionary fares funding being transferred from lower to upper tier authorities from the 1st April 2011 The Department for the Communities and Local Government (DCLG) consulted on a range of options for this transfer and the Settlement confirmed that funding will transfer on the basis of 2009-10 actual expenditure, uplifted for inflation.

- 8 This is a reasonable basis, utilizing actual cost data. For Oxford, the reduction in Formula Grant is £1.1m (£4.2m estimated spend less £3.1m Special Grant). This compares favourably to the £2.5m reduction assumed in the Medium Term Financial Strategy (MTFS).
- 9 Taken together, the above create a favourable variance to the Consultation Budget of £969k in 2011/12 and £132k in 2012/13 although as stated above this still represents a real-terms cut of 25% to Oxford City Council's Formula Grant over the next two years. In future years reductions have been factored in, in accordance with the overall reductions announced in the comprehensive spending review.
- 10 The Settlement includes £650m for a Council Tax Freeze grant, equivalent to a 2.5% increase for 2011-12. This is in line with expectations as included in the Consultation Budget and is £313k for Oxford. The grant is for four years. There is no mention of what happens in year five, which may mean a £313k base budget pressure for Oxford.

Council Tax and Housing Benefit Admin Grant

- 11 Council Tax & Housing Benefit Subsidy Administration Grant is the most significant of the specific grants included in the calculation of spending power and was £1.1 million for Oxford in 2010-11.
- 15 The Department for Work and Pensions (DWP) had stated that there would be reductions to this grant as its departmental spending budgets were cut by 26% in the CSR. Accordingly we had planned for reductions of 5% per annum in grant. The reduction for 2011-12 is 6%.
- 16 The tables published in the Settlement do not provide figures beyond 2011-12, but indicate an announcement will be made later this year. Clearly with budget cuts and the shift in the benefits system towards Universal Credit, probably administered by the DWP rather than local authorities, it is likely that future funding will not be at current levels. However, with the proposed changes to the benefit system still not clear, it is not possible to project with any certainty future funding levels at this stage. We have sought but not received assurances about the likelihood and level of this grant beyond 2011/12 from the DWP.
- 17 The Department for Work and Pensions has indicated it expects to make further announcements on this later in the year. However, in light of the above we have taken a prudent approach and not included the grant beyond 2011/12 in the MTFS which creates a potential pressure of £1m compared to the consultation budget from 2012-13 onwards.

Other Issues

Council Tax Base Changes

- 18 The report setting the Council Tax Base, approved by CEB on 12th January and Council on the 24th January, sets out modest growth of 0.65% (46,680 to 46,984). This equates to an additional £19k in 2011/12 and compares favourably with the Consultation budget which assumed no growth.

- 19 **Collection Fund Surplus**
The calculation of the collection fund surplus was completed after the consultation budget was published leading to a reduction in the City Council's share of £16k to that originally estimated. The City Council's share is now estimated at £24k.
- 20 **Investment Income**
Investment income has been reviewed in light of Council agreeing amendments to the Investment Strategy before Christmas and the latest projections on interest rates.
- 21 **Base Budget Adjustments**
It has become clear that Customer Services (£180k) and Procurement (£95k) budgets are carrying prior year savings which are not deliverable. These have been offset by extra commercial property income which has been identified of around £300k.
- Pension Costs**
- 22 The latest triennial review of the Oxfordshire Pension Fund takes effect from 1st April 2011 based on the 2010 actuarial valuation. An increase in employers' contributions of 2.8% was included in planning assumptions based on interim actuarial reports.
- 23 The outcome of the 2010 actuarial review however, is that no overall uplift is required to the City's employer contribution rates. Whilst initial results indicated a 2.9% increase in employers' contributions driven by investment returns being lower than assumed for 2007 to 2010, this has been offset by the following changes to assumptions:
- Pensions increases being linked to CPI rather than RPI (CPI has been on average 0.5% per annum lower than RPI);
 - Later retirement age, influenced by the increase in state pension age;
 - 2 year public sector pay freeze.
- 24 The current contribution rate of 20.2% has therefore been confirmed and can be split between 14% to fund new pensions liabilities earned and 6.2% to cover the costs of past service deficit. It is strongly advised that the past service deficit element is treated as a cash sum rather than as a percentage of payroll. This will ensure that contributions are not underpaid when payroll numbers fall. The cash amount required is £1.8 million per annum (across both General Fund and HRA), based on actual pension contributions paid in 2009-10.
- 25 Taking account of budget assumptions on headcount reductions through efficiencies and service reductions, a provision of £200k per annum is required for the General Fund. This creates a favourable variance to the consultation budget of £523k from 2011/12, where a pressure of £723k was assumed.
- 26 **Capital Financing**

Borrowing costs to fund the capital Programme are not now required at the same level as there is no new requirement for Prudential borrowing from 2012/13 onwards whereas in the consultation budget we had included £4million. The saving is off set by costs of funding the borrowing costs, for repayment of the loss on Icelandic investments of £200k per annum once the provision that was created has been exhausted.

Other Budget Pressures

- 27 The phasing of the Council's payments to the County for ICT services was agreed with some back end loading which was not reflected in the consultation budget. Adjustments have also had to be made to the phasing of contractual savings in relation to dial a ride which are not now expected to come on stream as early as previously thought. Additionally, the figures have had to be adjusted for a spend to save proposal in relation to HMO licensing which was omitted from the consultation budget in error. These have been offset by the resolution of a pressure in relation to Car Park security.

Table 1 Technical Adjustments to Consultation Budget

	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000
Formula Grant	(969)	(132)	(189)	131
Council Tax	(19)	(19)	(20)	(21)
Collection Fund Surplus	16			
Changes in Financing	(972)	(151)	(209)	110
HB Admin grant	12	994	939	884
Base budget adjustments	(25)	(25)	(25)	(25)
Investment Income	(114)	(66)	(129)	(129)
Pensions	(523)	(523)	(523)	(523)
Capital Financing	0	(121)	(141)	(153)
Other Budget Pressures	332	143	120	100
Changes in base budget	(318)	402	241	154
Total	(1,290)	251	32	264

Budget Consultation Results

- 28 The Council undertook Budget Consultation with the public, the Talkback citizen's panel (a representative sample of the public with an interest in giving regular feedback on issues in Oxford) and City Council staff during December 2010¹.²⁸ In total 615 respondents gave views on the draft 2011-2015 budget including:

- 28 members of the public;
- 388 members of the Talkback panel;
- 199 members of City Council staff.

Highlights of the budget consultation

High Priority Services

- 29 Recycling and refuse collection was rated as a “high priority” service which should be protected and received the highest proportion of responses in all three surveys - well above other services. Homelessness and housing needs were also identified as a high priority in each of the surveys.
- 30 Staff were more likely than the public or the Talkback panel to rate building new homes and reducing the number of Council meetings as a high priority.
- 31 The public and Talkback panel were more likely than staff to rate providing aids/adaptations to disabled people’s homes and responding to anti-social behaviour as a high priority.

Low Priority Services

- 32 The public, the Talkback panel and staff surveys differed in their rating of services as “low priority”.
- The Talkback and public surveys were more likely to support a saving by setting up two new planning committees as a low priority than staff.
 - Staff were more likely than the Talkback panel or the public survey to rate providing funding to the voluntary sector and community groups as a low priority.
- 33 Consultees didn’t generally consider that Culture and leisure and related services should be given priority for additional spending.

Where the Savings should be Made

- 34 When questioned on where the savings should be made the following was shown:
- The savings proposal that each survey most agreed with (strongly agree or tend to agree) was the option to increase income by maximising the use of the Town Hall.
 - A high proportion of the Talkback panel and of staff respondents agreed with the option to reduce the number of editions of Your Oxford.
 - Better co-ordinating the street warden, park ranger and Police Community Support Officer services was also highlighted by each of the surveys
 - The savings proposal that the Talkback panel and the Staff respondents most disagreed with was reducing cemetery maintenance

- 35 The public survey and Talkback panel were more likely than staff to disagree with reducing the community transport budget and reducing grants to the voluntary sector
- 36 In light of the above changes and the outcome of the budget consultation process the following further changes (as set out in Table 2) are recommended to the consultation budget and these and all other revisions are reflected in the appendices to this report.

Table 2. Proposed Changes to Service Budgets

	2011/12	2012/13	2013/14	2014/15
	£000's	£000's	£000's	£000's
Delete charging for street parties	3	3	3	3
Parking concessions for youth sports clubs	10	10	10	10
Re-instate part time access officer	17	17	17	17
Delete community centre rationalisation	0	27	35	70
Re-instate independent housing advice	80	80	80	80
Events fund including May morning	15	15	15	15
Olympic Contingency	0	30	0	0
Youth activities in East Oxford/Littlemore budget reinstatement	30	45	45	45
Reinstate fuel poverty work at reduced level	25	25	25	25
Amendment to grants budget (young people's provision)	10	10	10	10
Free swimming for young people	20	20	20	20
Youth premises contingency	10	20	20	20
Terms and conditions	90			
Customer Relationship Management rollout	100	100	30	30
Total	410	402	310	345

- 37 The overall position taking account of the above changes is set out in Table 3 below:

Table 3. Summary of changes to the Consultation budget.

	2011/12	2012/13	2013/14	2014/15
	£000's	£000's	£000's	£000's
Net Budget	24,806	24,250	24,552	24,249

Requirement per Consultation Budget				
Technical base budget adjustments per Table 1 above	(318)	402	241	154
Amendments per Table 2 above	410	402	310	345
Transfer to/(from) general fund working balance	880	(653)	(342)	(610)
Net Budget Requirement	25,778	24,401	24,761	24,138
Financed By :				
Formula Grant	(13,399)	(11,612)	(11,523)	(10,434)
Collection Fund Surplus	(24)	0	0	0
Council Tax	(12,355)	(12,789)	(13,238)	(13,704)
Total	(25,778)	(24,401)	(24,761)	(24,138)

General Fund Working Balance	2011/12	2012/13	2013/14	2014/15
	£000's	£000's	£000's	£000's
Balance 1st April	4,396	5,276	4,623	4,281
Transfers to/(from)	880	(653)	(342)	(610)
Balance at 31st March	5,276	4,623	4,281	3,671

38 The amount to be funded from Council Tax represents a zero per cent increase from 2010/11. This is achievable given the inclusion of the Council Tax Freeze Grant of £313k from the Department of Communities Local Government as set out above. For future years 2012/13 – 2014/15 the assumed increase is 3%. With a zero per cent council tax rise in 2011/12 the band D council tax remains at £262.96.

Budget Risks

- 39 The key risks to the Council's budget and Medium Term Financial Strategy are:
- **Icelandic banking losses** - The Council was permitted to capitalise £1.944m of our losses following the collapse of the Icelandic Banks at the end of the last financial year. This has allowed us to spread the principal element of the loss over a 10 year period. Heritable have already made repayments back to us for approx 45% of our original deposit. It is anticipated we will receive a

total of 80% of our deposit back. We have not received any repayments associated with our Glitnir deposits as this is subject to a more protracted legal process. Hence we have accounted for this based on worst case scenario, and only anticipate 29% (around £300k) of the initial deposit with Glitnir being repaid. This cautious approach means the impact and risk to the general fund is minimal, although there is a risk that no money will be received.

- **2010/11 Outturn** –The third quarter budget monitoring report identifies a forecast overspend of around £300k. There is a risk that increasing recession related pressures will lead to further overspend in 2010-11 which may impact on future years. However, the Council has a contingency of around £400k and a recession reserve of £300k to cover such variations and therefore the risk of any overspend beyond this is considered minimal.
- **Investment Interest** -The budget includes around £300k of income from interest on reserves and balances and is based on an average interest rate of 0.84%. Advice received from the Council's Treasury advisors, Sector, is that bank base rate will continue to remain depressed and if treasury management performance were to underachieve by (say) 0.25% then investment interest would fall by £85k. Investment income is also dependent upon cash flow during the year and is affected by the timing of any large irregular payments or receipts and the overall progress on implementing the Capital Programme.
- In the Comprehensive Spending Review reference was made to changes in Council tax benefit with effect from 1st April 2013 and Councils should assume 10% less subsidy in this financial year than received in 2012/13. Whilst the Council Medium Term Financial Plan has been reduced accordingly this reduction may be insufficient and the council would need to resort to general contingencies or the working balance should the reduction in subsidies be more than anticipated.
- **Housing Benefit Subsidy** -Estimated Housing Benefit and Council Tax Expenditure for 2010/11 is £70.6m. Ideally we would receive 100% subsidy but this is never the case. Expenditure includes eligible overpayments of around £2.2m which are only liable for 40% subsidy. In addition, if overpayments due to 'our' error exceed 0.54% of total expenditure we have to bear the whole cost of these. There are other elements of expenditure for which we receive a nil or reduced rate of subsidy. The cost of benefits (expenditure less subsidy) in 2010/11 is anticipated to be @ £1.7m. This is a volatile area of activity and needs to be closely monitored.

Efficiency Savings – Within the budget for 2011/12 is an amount of £3.296 million in respect of efficiency savings. These are monitored monthly via reports to the Corporate Management Team and quarterly via CEB. The efficiencies have been risk proofed and a contingency provided for where the risk of none achievement is considered to be high.

The Economic Climate-The impact of the current economic downturn has already been reflected within the detailed estimates in relation to interest

receipts, fees and charges and commercial rents. Depending on the impact in Oxford, there may be increased demands on Council services such as homelessness or housing benefit. Contingency provision has been made for the former.

Any Increase in Council Tax write-offs will fall on the Collection Fund. However, there is no basis for increasing the non-collection provision at this stage.

- **Formula Grant** - Formula Grant has only been announced for the next two years to coincide with the outcome of a fundamental review of local government funding. This may put the Council's MTFS under further pressure.

B. Housing Revenue Account Revenue Budget

- 40 The budget for consultation approved by the City Executive Board on 8th December 2010 set the Council's Housing Revenue Account for 2011/12. The account is shown to be in surplus by approximately £500k. The Housing Revenue Account (HRA) was only projected one year forward because the Department for Communities and Local Government (DCLG) have announced plans to push ahead with HRA Reform with effect from 1st April 2012. The HRA account therefore will look markedly different going forward.

Changes Arising Since the Publication of the Consultation Budget.

- 41 A number of changes have been made to the HRA since the consultation budget was produced; the reasons for these are set out below.

Increased rental income –

- 42 It has been custom and practice to set the rental income for the Consultation Budget at a level of income which is sufficient to cover the estimated cost of Housing Subsidy, identified through the draft Housing Subsidy determination. Consequently, a rent model which uses formula rents was run and the resultant rent rise determined. Rents for the 2011-12 consultation budget were consequently set by formula rent of RPI (4.6%) + 0.5% + £2 with a 6.2% cap as at that time the draft Subsidy determination gave no indication of a rent cap.
- 43 Traditionally rent caps are not included in the draft determinations, any cap being confirmed in the final determinations. In 2009-10 a cap of 3.1% on rents was announced after the Subsidy determination had been confirmed.
- 44 Further analysis assuming formula rent with no rent cap (RPI + 0.5% + £2) for 2011-12 indicates an average weekly rent increase of 7.64% raising the average weekly rent to £84.75 per week with a range of 6.59% to 10.13%. Appendix 2 gives more detail.
- 45 The final Housing Subsidy determination released on 10th January 2011 makes no reference to a rent cap and whilst one could still be announced this

seems unlikely. The consequent additional rental income without a rent cap is therefore £725k as shown in Appendix 3.

Capitalised fees –

- 46 Accounting practice allows a reasonable proportion of administrative overheads to be capitalised or charged to capital and financed by capital resources. The council’s auditors have reviewed this process and recommended a lower percentage is applied going forward, thus resulting in an estimated reduced capitalisation of around £788k.

Housing Subsidy Determinations –

- 47 The Housing Subsidy Determination was confirmed for 2011/12 on 10th January 2011 and provided a net decrease of £63k in housing subsidy payable to the Council for 2011/12, this is shown as follows:

Table 4 Housing Subsidy Determination

	Budget Consultation	Current Estimate	Change
	2011/12	2011/12	2011/12
	£000’s	£000’s	£000’s
Guideline Rent	33,674	33,674	-
Management Allowance	5,072	5,110	(38)
Maintenance Allowance	9,079	9,079	-
Capital Charges	871	893	(22)
Interest on receipts	(9)	(6)	(3)
	18,661	18,598	(63)

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Table 5 below summarises the key changes (as set out above) to the HRA budget from that published for consultation.

Table 5 Summary of Proposed Changes to the HRA Consultation Budget

	2011/12
	£000’s
Consultation Budget Net Surplus	(500)
Increased rental income	(725)
Reduced capitalised fees	788
Increased Housing Subsidy	(63)
Revised HRA Surplus	(500)

	2011/12
	£000’s
HRA Working Balance	
Balance b/f 1 st April	(2,000)
Additions (to)/ from	(500)
Balance c/f 31st March	(2,500)

HRA Working Balance

- 48 The prudent level for HRA working balances is estimated to be represented by approx 4 weeks rental. This results in an estimated working balance of around £2.5m, an increase on the existing balance of £500k.

Budget Risks

HRA Reform

- The clauses in the Localism Bill suggest that the final settlement will be published in autumn 2011 and subject to a 'subsidy-style' draft and final determination, the revised figures to be published before the end of January 2011 should assist local authorities in assessing the financial implications of the new arrangements scheduled to commence with effect from 1st April 2012. The ministerial statement from Housing Minister Grant Shapps indicates that the revised settlement will provide a 'receipt' to government of c£6.5bn.
- The statement also confirms some of the key assumptions underpinning the debt calculation. Whilst no fundamental changes to the methodology are expected, changes in the discount and PWLB rates imply that the position will be much less beneficial than the draft figures implied, with consequential impacts for the HRA going forward. There are key actions that are needed to get ready for this wide ranging change, including updating financial modeling, consulting tenants, officers and members, other departments and developing the business plan for the new era.

Housing rent and miscellaneous arrears –

- 50 These currently stand at around £814K representing 3.28% of the housing rent debit. Arrears have decreased over the last 4 years by 22.1%. At the end of December 2010 the requirements from the revenue top-up from the bad debt provision stood at £72.3K, from the annual budget of £254K. We do not foresee any risk by reducing the annual revenue budget by £100K based on this performance. In addition, bad debts for rents and miscellaneous arrears are reviewed and reconciled on a monthly basis and tightly controlled. Trends are also identified when setting annual KPI's, these being based on historical information and taking account of specific times of the year. Officers consider this not to be a significant risk

- 51 **Day to day responsive and planned repairs** – Key to achieving the required surplus of £500k will be managing costs in day to day and planned maintenance. It will be imperative to understand and control the schedule of planned works on housing stock as responsive repairs can be difficult to control as the volume and associated cost is demand led. An agreed schedule of rates will have to be applied for various categories of work undertaken.

C. Capital Programme

- 52 Appendix 4 shows the Councils overall capital programme. In total the programme is shown as £30.601 million for 2011/12.

Changes to the consultation budget

- 53 A number of changes have been made since the consultation budget these are as follows :

Table 6 Proposed Changes to the Capital Programme

	2010/11	2011/12	2012/13	2013/14	2014/15
	£000's	£000's	£000's	£000's	£000's
Consultation Budget	33,774	25,226	13,317	13,480	12,295
Recycling Bins	600	0	0	0	0
Play Barton	0	400	0	0	0
Old Fire Station	(1,661)	1,617	90	0	0
Playgrounds programme	(708)	708	0	0	0
Section 106 funded schemes	(659)	659	0	0	0
Leisure substantive works	(101)	101	0	0	0
Offices for the future			270		
Hinksey Pool Discharge tank now included in 2010/11		(85)			
Projected overspend on HRA heating budget back in line	(400)				
Other Slippage	(186)	186	0		
Forecast underspends	(58)	(35)			
Total Capital Budget	30,601	28,777	13,677	13,480	12,295

- 54 Notable variations include:

- The inclusion of £0.6m for recycling bins as part of the new recycling system
- An increase in the Play Barton project of £400k in 2011-12 following confirmation of additional external funding
- Slippage of £1.7m on the Old Fire Station project into 2011-12 following the original main contractor, ROK, going into administration. A new contractor, Kinglerlee, has been appointed but there is a consequent delay to the project.
- Slippage on leisure projects of £0.8m into 2011-12, £0.7 million on the playground refurbishment programme.
- Slippage of £0.7 million on Section 106 funded schemes such as Rose Hill community facility, cycle routes and affordable housing on garage sites
- .An increase in the cost of the Offices for the Future project of £0.3m in 2012-13, due to the increased scope of the project and requirement for more intensive use of the Town Hall

- Previously reported overspend on HRA heating installations has been brought back in line with the budget £400k

Capital Budget Risks

- 55 There is a risk that the level of capital receipts may not be received as planned. Funding will be actively monitored during the year and should this become apparent then the Programme will be reviewed accordingly and schemes only approved for implementation once sufficient resources are received.
- 56 Within the HRA capital program is an amount of £150k per annum for works to the Tower blocks. It is anticipated that major works will be required to these blocks although at the time of writing, the needs assessment and associated cost has yet to be finalised. Once the outcome of this report is received a reassessment of the HRA capital programme will be made in order to prioritise available funds.

D. Fees & Charges

- 57 The 2011-12 budget includes additional income of £758k. Appendix 5 attached provides a schedule of the proposed fees and charges, these have been proposed in accordance with the income strategy.

New Homes Bonus

- 58 In November 2010 the Minister for Housing and Local Government announced that the New Homes Bonus (NHB) scheme will start in April 2011. The New Homes Bonus will match fund the additional council tax for each new home and property brought back into use, for each of the 6 years after that home is built, with an additional amount for affordable homes.
- 59 The scheme is under consultation and local authorities have been provided with a calculator to illustrate the funds that could be available under the bonus. The payment for 2011-12 is based on the change in dwelling stock between October 2009 and October 2010.
- 60 It is currently proposed that for outside London, 80% of the NHB is payable to the lower tier authority and 20% to the upper. On this basis Oxford's year 1 payment could be around £500k.
- 61 £200m has been set aside to fund the scheme in 2011-12. For 2012-13 to 2014-15, the annual amount is £250m. If the total bonus exceeds these amounts, then funding will come from Formula Grant.
- 62 The final design of the scheme will be announced early in 2011, following consultation. The uncertainty surrounding the details of the scheme, for example the split between upper and lower tier authorities and the availability of funding, means that it would be prudent not to include NHB in base budgets at this point, but rather to take it as additional one-off funding once annual

amounts are confirmed, in the same way that Housing & Planning Delivery Grant used to be treated.

Legal Implications

- 63 Under Section 30 of the Local Government Finance Act 1992 the Council is required to set a council tax by 11th March in respect of the preceding financial year

Risk Implications

- 64 These are covered in the body of the report

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Background papers: